



New South Wales

Superannuation Legislation Amendment Bill 2002

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

The *Superannuation Legislation Further Amendment Bill 2002* is cognate with this Bill.

Overview of Bill

The objects of this Bill are as follows:

- (a) to amend the *First State Superannuation Act 1992* to enable the First State Superannuation Trust Deed and the rules under the Trust Deed to make provision in relation to the division of superannuation interests between spouses in case of a marriage breakdown, and thereby make the Trust Deed consistent with Part VIIIB of the *Family Law Act 1975* of the Commonwealth,
- (b) to transfer certain deferred or preserved benefits to the First State Superannuation Fund from the State Authorities Non-contributory Superannuation Scheme,
- (c) to amend the *Judges' Pensions Act 1953*:

-
- (i) to extend the circumstances in which spouse benefits may be paid to the surviving spouse of a former judge or acting judge on the death of the former judge or acting judge, and
 - (ii) to enable lump sum benefits to be paid to former judges and acting judges who are not eligible for a pension under the Act and who ceased to be judges during the period commencing on 1 July 1992 and ending on 25 October 2001,
 - (d) to amend the *Parliamentary Contributory Superannuation Act 1971*:
 - (i) to make the triennial actuarial report consistent with standard actuarial practices, and
 - (ii) to give to the Minister the power to initiate interim actuarial investigations, and
 - (iii) to repeal the provision that allows certain members of Parliament to be paid their pensions or benefits under the Act while receiving their salaries as members of Parliament, and
 - (iv) to extend the circumstances in which spouse or de facto partner benefits may be paid to the surviving spouse or de facto partner of a former member on the death of the former member, and
 - (v) to allow certain members of the NSW Parliament who were former members of the Commonwealth Parliament to use money, in addition to their lump sum Commonwealth superannuation, to buy sufficient NSW service to entitle them to a NSW parliamentary pension, and
 - (vi) to allow the regulations to prescribe amounts as the maximum amount that may be deducted from a benefit payable to a member in order to offset any superannuation contributions surcharge under the *Superannuation Contributions Tax (Assessment and Collection) Act 1997* of the Commonwealth, and
 - (vii) to allow regulations to be made in order to deal with any liability that may arise from an assessment of superannuation contributions surcharge after a benefit has been paid to a former member,
 - (e) to amend the *Police Regulation (Superannuation) Act 1906*, *Superannuation Act 1916*, *Local Government and Other Authorities (Superannuation) Act 1927* and *New South Wales Retirement Benefits Act 1972* to extend the circumstances in which spouse or de facto partner benefits may be paid to the surviving spouse or de facto partner of a former member, pensioner or former contributor on the death of the former member, pensioner or former contributor,

- (f) to amend the *Police Regulation (Superannuation) Act 1906*, *State Authorities Superannuation Act 1987* and *Superannuation Act 1916* to allow regulations to be made:
 - (i) to prescribe amounts as the maximum amount that may be deducted from a benefit payable to a member in order to offset any superannuation contributions surcharge under the *Superannuation Contributions Tax (Assessment and Collection) Act 1997* of the Commonwealth, and
 - (ii) to deal with any liability that may arise from an assessment of superannuation contributions surcharge after a benefit has been paid to a former contributor,
- (g) to make other miscellaneous amendments to the above Acts (including amendments of a savings or transitional nature).

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act.

Clause 3 is a formal provision giving effect to the amendments to Acts set out in Schedules 1–9.

Clause 4 makes it clear that the explanatory notes contained in the Schedules do not form part of the proposed Act.

Schedules 1–9 make the amendments outlined above.

An explanation of each of the amendments is set out in the proposed Act after the amendment concerned.

The amendments to the *Parliamentary Contributory Superannuation Act 1971* set out in Schedule 4 have been certified as warranted by the Parliamentary Remuneration Tribunal, as required under section 4 of that Act.



New South Wales

Superannuation Legislation Amendment Bill 2002

Contents

	Page
1 Name of Act	2
2 Commencement	2
3 Amendment of Acts	2
4 Explanatory notes	2

Schedules

1	Amendment of First State Superannuation Act 1992 No 100	3
2	Amendment of State Authorities Non-contributory Superannuation Act 1987 No 212	6
3	Amendment of Judges' Pensions Act 1953 No 41	7
4	Amendment of Parliamentary Contributory Superannuation Act 1971 No 53	9
5	Amendment of Police Regulation (Superannuation) Act 1906 No 28	19
6	Amendment of State Authorities Superannuation Act 1987 No 211	23

Superannuation Legislation Amendment Bill 2002

Contents

	Page
7 Amendment of Superannuation Act 1916 No 28	25
8 Amendment of Local Government and Other Authorities (Superannuation) Act 1927 No 35	28
9 Amendment of New South Wales Retirement Benefits Act 1972 No 70	30



New South Wales

Superannuation Legislation Amendment Bill 2002

No , 2002

A Bill for

An Act to amend various superannuation Acts with respect to the transfer of certain deferred or preserved benefits to the First State Superannuation Fund, the circumstances in which spouse or de facto partner benefits may be paid to a surviving spouse or de facto partner and the reduction of benefits to offset superannuation contributions surcharge liability; and for other purposes.

See also *Superannuation Legislation Further Amendment Bill 2002*.

The Legislature of New South Wales enacts:

1 Name of Act

This Act is the *Superannuation Legislation Amendment Act 2002*.

2 Commencement

- (1) This Act commences on the date of assent, except as provided by subsection (2).
- (2) Schedule 1 [1], [2], [8] and [9] commence on the commencement of the *Family Law Legislation Amendment (Superannuation) Act 2001* of the Commonwealth.

3 Amendment of Acts

The Acts specified in Schedules 1–9 are amended as set out in those Schedules.

4 Explanatory notes

The matter appearing under the heading “Explanatory note” in any of the Schedules does not form part of this Act.

Schedule 1 Amendment of First State Superannuation Act 1992 No 100

(Section 3)

[1] Part 4 First State Superannuation Trust Deed

Insert before section 13:

Division 1 General

[2] Part 4, Division 2

Insert after section 20:

Division 2 Payment splits

20A Definitions

In this Division, *marriage*, *member spouse*, *non-member spouse*, *payment split*, *spouse* and *superannuation interest* have the same meanings as in Part VIIIB of the *Family Law Act 1975* of the Commonwealth.

20B Matters to be dealt with by trust deed and rules

Without limiting sections 13, 14, 18 or 20, the trust deed and the rules under the trust deed may make provision for or with respect to matters arising from payment splits, including:

- (a) the debiting of amounts from the accounts of member spouses consistent with any relevant Commonwealth legislation, and
- (b) the establishment of accounts in the Fund for non-member spouses who are not members of the Fund, and
- (c) the classification of non-member spouses referred to in paragraph (b) as associate members of the Fund on the establishment of their accounts, and
- (d) the crediting of amounts to the accounts of non-member spouses, and
- (e) the transfer, payment or roll over from the Fund of an amount equal to the value of a non-member spouse's entitlement in the superannuation interest of a member spouse for the benefit of the non-member spouse, and

Superannuation Legislation Amendment Bill 2002

Schedule 1 Amendment of First State Superannuation Act 1992 No 100

- (f) the payment to the legal personal representative of the non-member spouse of an amount referred to in paragraph (e) in the event of the death of the non-member spouse.

Explanatory note

The *Family Law Legislation Amendment (Superannuation) Act 2001* of the Commonwealth, which is expected to commence in late December 2002, inserts Part VIIIB (Superannuation interests) into the *Family Law Act 1975* to allow certain payments in respect of a superannuation interest to be allocated (by agreement or by court order) between the parties to a marriage in case of marriage breakdown.

At present, the Family Court may take into account the value of a party's superannuation benefit as a financial resource in a property settlement. There is, however, no capacity for a superannuation benefit to be actually divided so that the spouse of a scheme member becomes entitled to payment of part of the scheme member's benefit.

Item [2] inserts Division 2 into Part 4 of the *First State Superannuation Act 1992*. Proposed Division 2 enables the First State Superannuation Trust Deed and the rules under the Trust Deed to make provision in relation to the division of superannuation interests between spouses in case of a marriage breakdown, and thereby make them consistent with Part VIIIB of the *Family Law Act 1975*.

Item [1] is a consequential amendment.

[3] Section 37 Definitions

Omit “the day” from the definition of *transfer day*. Insert instead “a day”.

[4] Section 38 Transfer to First State Superannuation Fund

Omit “the transfer” from section 38 (1). Insert instead “a transfer”.

[5] Section 40 Rights, liabilities and other matters

Insert “or *Superannuation Legislation Amendment Act 2002*” after “2001” in section 40 (1).

[6] Section 40 (1)

Omit “the transfer” wherever occurring. Insert instead “a transfer”.

[7] Schedule 3 Savings, transitional and other provisions	1
Insert at the end of clause 1 (1):	2
<i>Superannuation Legislation Amendment Act 2002</i>	3
Explanatory note	4
The <i>Superannuation Legislation Amendment (Miscellaneous) Act 2001</i> contained	5
amendments to the <i>First State Superannuation Act 1992</i> and the <i>State Authorities</i>	6
<i>Non-contributory Superannuation Act 1987</i> that transferred to the First State	7
Superannuation Scheme certain benefits in the State Authorities Non-contributory	8
Superannuation Scheme that were deferred or preserved benefits as at 9 December	9
2001.	10
Items [3]–[6] require the further transfer to the First State Superannuation Scheme of	11
benefits in the State Authorities Non-contributory Superannuation Scheme that are	12
deferred or preserved after 9 December 2001.	13
Item [7] enables savings and transitional regulations to be made as a consequence of	14
the proposed amendments.	15
[8] Dictionary	16
Insert in alphabetical order:	17
<i>associate member</i> means a person who has an account in the	18
Fund arising from a payment split within the meaning of the	19
Part VIIIB of the <i>Family Law Act 1975</i> of the Commonwealth	20
and who has not subsequently become a full member or an	21
optional member.	22
[9] Dictionary, definition of “member”	23
Insert “, an associate member” after “optional member”.	24
Explanatory note	25
Item [8] inserts a definition used in the proposed amendments.	26
Item [9] is a consequential amendment.	27

**Schedule 2 Amendment of State Authorities
Non-contributory Superannuation Act 1987
No 212**

(Section 3)

[1] Section 27AD Transfer of eligible preserved benefits

Omit “on or before” from paragraph (b) of the definition of *eligible preserved benefit* in section 27AD (1).

Insert instead “before, on or after”.

[2] Section 27AD (2)

Omit “on 9 December 2001, or as soon as practicable after that day,”.

Insert instead “, on and after 9 December 2001,”.

[3] Schedule 5 Savings and transitional provisions

Insert at the end of clause 1 (1):

Superannuation Legislation Amendment Act 2002

Explanatory note

The *Superannuation Legislation Amendment (Miscellaneous) Act 2001* contained amendments to the *First State Superannuation Act 1992* and the *State Authorities Non-contributory Superannuation Act 1987* that transferred to the First State Superannuation Scheme certain benefits in the State Authorities Non-contributory Superannuation Scheme that were deferred or preserved benefits as at 9 December 2001.

Items [1] and [2] require the further transfer to the First State Superannuation Scheme of benefits in the State Authorities Non-contributory Superannuation Scheme that are deferred or preserved after 9 December 2001.

Item [3] enables savings and transitional regulations to be made as a consequence of the proposed amendments.

Schedule 3 Amendment of Judges' Pensions Act 1953 No 41

(Section 3)

[1] Section 6 Pension for widow or widower of judge or retired judge

Insert after section 6 (1):

(1A) If a retired judge dies leaving an eligible widow or widower on or after the commencement of this subsection, the eligible widow or widower is entitled, during the period commencing on the day after the retired judge's death and ending on the eligible widow's or widower's death:

- (a) if the retired judge and eligible widow or widower had been married for 3 years or more immediately before the death—to a pension at an annual rate that, at any time during that period, is a percentage, calculated as provided by subsection (4), of the notional judicial salary of the retired judge at that time, or
- (b) if the retired judge and eligible widow or widower had been married for less than 3 years immediately before the death—to a pension as referred to in paragraph (a), but reduced on a pro rata basis according to the proportion that the period of the marriage bears to 3 years.

(1B) For the purposes of subsection (1A):

eligible widow or widower of a retired judge means a person:

- (a) who became the spouse of the retired judge after the judge retired, and
- (b) who has or had in his or her marriage with the retired judge a child, being:
 - (i) a child of the widow or widower and the retired judge who was, in the opinion of the trustees, wholly or substantially dependent on the retired judge at any time during the marriage, or
 - (ii) a child of the retired judge who was conceived before and born alive after the death of the retired judge.

[2] Schedule 1 Savings, transitional and other provisions

Insert at the end of clause 1 (1):

Superannuation Legislation Amendment Act 2002

Explanatory note

To qualify for spouse benefits on the death of a retired judge, the surviving spouse must have been married to the judge at the time of the judge's retirement.

Item [1] enables a surviving spouse of a retired judge who married the judge after the judge's retirement to qualify for spouse benefits if the surviving spouse has or had in his or her marriage with the retired judge a child of the kind described in the proposed definition of **eligible widow or widower**.

Item [2] enables savings and transitional regulations to be made as a consequence of the proposed amendments.

[3] Schedule 1, clause 3

Insert after clause 2:

3 Lump sum benefit payments to acting judges or retired judges

The lump sum benefit payable under this Act is payable to or in respect of a former judge or former acting judge who would have qualified for the benefit if Schedule 7 to the *Courts Legislation Amendment Act 2000* had commenced on 1 July 1992 (the date of commencement of the *Superannuation Guarantee (Administration) Act 1992* of the Commonwealth) instead of 26 October 2001.

Explanatory note

Schedule 7 to the *Courts Legislation Amendment Act 2000* contained amendments to the *Judges' Pensions Act 1953* to ensure that the NSW Government satisfies its obligations under the *Superannuation Guarantee (Administration) Act 1992* of the Commonwealth. The amendments included the payment of lump sum superannuation benefits to certain acting judges and permanent judges who are not eligible for pension under the *Judges' Pensions Act 1953*. The above provision makes the lump sum benefit available from 1 July 1992 (that is, from the day when the *Superannuation Guarantee (Administration) Act 1992* commenced). The amendments were commenced on 26 October 2001.

Item [3] corrects the anomaly and enables lump sum benefits to be paid to the former acting judges and judges described who ceased to be judges during the period commencing on 1 July 1992 and ending on 25 October 2001.

Schedule 4 Amendment of Parliamentary Contributory Superannuation Act 1971 No 53

(Section 3)

[1] Section 3 Definitions

Insert in alphabetical order in section 3 (1):

general election means a general election of Members of the Legislative Assembly.

triennial actuarial investigation means an actuarial investigation under section 10 (1).

Explanatory note

Item [1] inserts definitions of terms used in the proposed amendments.

[2] Section 10 Actuarial investigations

Omit “1 month” from section 10 (2C).

Insert instead “3 months (or such other period as is approved by the Minister)”.

Explanatory note

Item [2] extends from 1 to 3 months (or such other period as is approved by the Minister) the time within which the trustees must forward a copy of a triennial report of an actuary to the Minister.

[3] Section 10 (3)

Omit “certify to the Treasurer”.

Insert instead “recommend to the trustees”.

[4] Section 10 (3)

Omit “25”. Insert instead “3”.

Explanatory note

Items [3] and [4] reduce from 25 to 3 the number of years in relation to which an actuary appointed under the Act is to make recommendations for annual contributions into the Parliamentary Contributory Superannuation Fund. The actuary's recommendation for the 3 years is to be made to the trustees instead of being made directly to the Treasurer. Item [22] inserts clause 5 into Schedule 1 to the Act as a savings and transitional provision relating to the amendments in items [3] and [4].

[5] Section 10 (3A) (b)	1
Omit the paragraph. Insert instead:	2
(b) that an actuary has recommended, under subsection (4),	3
should be paid into the Fund.	4
Explanatory note	5
Item [5] is an amendment consequential on the amendment to section 10 (4).	6
[6] Section 10 (3B) (a)	7
Insert “and its liabilities” after “Fund”.	8
[7] Section 10 (3B) (c)–(g)	9
Insert after section 10 (3B) (b):	10
, and	11
(c) state the number of members of the Parliamentary	12
Contributory Superannuation Scheme, and	13
(d) state the amount of benefit payments, investment	14
earnings and administrative expenses since the last	15
triennial actuarial investigation, and	16
(e) summarise the major economic, demographic and	17
legislative changes affecting the Fund since the last	18
triennial actuarial investigation, and	19
(f) include a statement on the impact of the matters	20
referred to in paragraphs (b)–(e) on the assets and	21
liabilities of the Fund, and	22
(g) include such other matters as are referred to the actuary	23
by the Minister or trustees.	24
Explanatory note	25
Items [6] and [7] set out additional matters that must be included in an actuary's	26
triennial report in order to make the report consistent with standard actuarial practices.	27
[8] Section 10 (4)	28
Omit the subsection. Insert instead:	29
(4) If the trustees are of the opinion that investments may have to	30
be realised to pay current liabilities of the Fund before any of	31
the annual amounts recommended or to be recommended in	32
accordance with subsection (3) are paid, the trustees may at	33

any time appoint an actuary to make recommendations in relation to amounts that may need to be paid into the Fund by way of interim advances.

Explanatory note

Item [8] replaces section 10 (4) to give to the trustees the power to appoint an actuary for the purposes of making recommendations in relation to interim advances that may need to be paid into the Fund. The actuary is to make the recommendations to the trustees who then must advise the Treasurer under proposed section 11 (1). Item [22] inserts clause 5 into Schedule 1 to the Act as a savings and transitional provision relating to the amendment in item [8].

[9] Section 10A

Insert after section 10:

10A Interim actuarial investigation

- (1) The Minister may appoint an actuary to make an interim actuarial investigation between triennial actuarial investigations.
- (2) The Minister must not appoint an actuary to make an interim actuarial investigation within a period of 3 months after the completion of an actuarial investigation or within a period of 6 months before the next triennial actuarial investigation.
- (3) The actuary must complete the investigation, and report the result to the Minister, not later than on the date appointed by the Minister or such later date or dates as the Minister may appoint if the Minister considers that special circumstances exist to justify an extension or further extension.

Explanatory note

Item [9] gives to the Minister the power to appoint an actuary to conduct interim actuarial investigations.

[10] Section 11 Payments by Treasurer into the Fund

Omit section 11 (1) and (2). Insert instead:

- (1) After considering any relevant recommendations of actuaries under section 10 (3) or (4), the trustees must give to the Treasurer advice in relation to the contributions and interim advances that may need to be paid into the Fund.

- (2) The Treasurer is to pay into the Fund annual contributions and interim advances as determined by the Treasurer after considering the advice of the trustees.

Explanatory note

In defined benefits schemes such as the NSW Parliamentary Contributory Superannuation Fund, employers do not make contributions in respect of a particular member. Contributions are instead paid into a contributions pool within the particular fund. **Item [10]** provides that the Treasurer is to determine the amount of annual contributions and interim advances to be paid into the Fund. The Treasurer must consider, but is not bound by, the advice of the trustees on the matter. Before giving advice to the Treasurer, the trustees must consider the recommendations of an actuary under section 10 (3) or (4).

[11] Section 22C Benefits on attaining age 65 or 70

Omit the section.

Explanatory note

At present, members of Parliament who reach the age of 70 years must be paid their pensions or other benefits under the Act, even if they are still serving members (and therefore receiving salaries). Members who reach the age of 65 years may elect to be paid their pensions or other benefits even while being paid their salaries.

Item [11] repeals section 22C to remove the right of members 65 years or over to be paid benefits under the Act while still serving as members of Parliament. **Item [22]** inserts clauses 6 and 7 as savings and transitional provisions arising from the repeal. **Item [22]** also inserts clause 8 to validate certain reductions made to benefits under section 22C before its repeal.

[12] Section 23 Pension for spouses or de facto partners

Insert after section 23 (1):

- (1A) On the death of a former member who, immediately before his or her death on or after the commencement of this subsection, was receiving or was entitled to receive a pension under this Part, an eligible spouse or de facto partner of the former member is entitled:
- (a) if the former member and the eligible spouse or de facto partner had been married or living in the relationship for 3 years or more immediately before the death—to an annual pension calculated in accordance with subsection (1), or
 - (b) if the former member and the eligible spouse or de facto partner had been married or living in the relationship for less than 3 years immediately before the death—to an annual pension calculated in accordance with

subsection (1), but reduced on a pro rata basis according to the proportion that the period of the marriage or relationship bears to 3 years.

[13] Section 23 (5)

Insert after section 23 (4A):

(5) For the purposes of subsection (1A):

eligible spouse or de facto partner of a former member means a person:

- (a) who became the spouse or de facto partner of the former member after the former member became entitled to a pension, and
- (b) who has or had in his or her marriage or relationship with the former member a child, being:
 - (i) a child of the eligible spouse or de facto partner and the former member who was, in the opinion of the trustees, wholly or substantially dependent on the former member at any time during the marriage or relationship, or
 - (ii) a child of the former member who was conceived before and born alive after the death of the former member.

Explanatory note

To qualify for spouse or de facto partner benefits on the death of a former member, the surviving spouse or partner must have been married to, or in a de facto relationship with, the member at the time the member became entitled to a pension.

Items [12] and [13] enable a surviving spouse or de facto partner who married, or entered into the relationship with, the former member after the member was granted a pension to qualify for spouse or de facto partner benefits if the surviving spouse or de facto partner has or had in his or her marriage or relationship with the former member a child of the kind described in the proposed definition of *eligible spouse or de facto partner*.

[14] Section 26BA

Insert after section 26B:

26BA Other payments to Fund by former federal members

(1) This section applies to a member:

- (a) whose combined years of actual service as a member and former federal member will be at least 7 years on the day for the taking of the poll at the next general

	election following the date when the member became a member (the <i>general election day</i>), and	1 2
(b)	who, under section 26B, paid into the Fund an amount of lump sum benefit received by the member as a federal member, and	3 4 5
(c)	whose period of service as a member for the purposes of this Act (including any additional period as referred to in section 26C (2)) as at the general election day is less than 7 years.	6 7 8 9
(2)	On the written application of a member to whom this section applies, the trustees must determine, after receiving actuarial advice, the additional amount that would be payable (the <i>additional amount</i>) in order to increase the aggregate period of service of the member as a member to 7 years on the general election day.	10 11 12 13 14 15
(3)	A member to whom this section applies may pay to the Fund an amount that is, or amounts that in total are, equal to the additional amount.	16 17 18
(4)	A payment under this section must be made:	19
(a)	if the member was a member on the commencement of this section—not later than 3 months after that commencement, or	20 21 22
(b)	if the member was not a member on the commencement of this section—not later than 3 months after the date of becoming a member, or	23 24 25
(c)	within such further period as the trustees may determine in respect of the member.	26 27
[15]	Section 26C Calculation of benefits for former federal members	28
	Insert “or 26BA” after “26B” in section 26C (1).	29
[16]	Section 26C (4)	30
	Insert “or 26BA” after “section 26B” wherever occurring.	31
	Explanatory note	32
	Items [14] and [15] allow members of the NSW Parliament:	33
(a)	who were former members of the Commonwealth Parliament but who did not qualify for a pension under the Commonwealth Parliamentary Superannuation Scheme, and	34 35 36 37

(b)	who will, at the next general election after they became members of the NSW Parliament, have at least 7 years combined service in the Commonwealth and NSW Parliaments,	2 3 4
	to use money, in addition to their lump sum Commonwealth Parliamentary superannuation, to buy sufficient NSW service to entitle them to a NSW parliamentary pension at that time.	5 6 7
	Item [22] inserts clause 9 into Schedule 1 to the Act as a transitional provision arising from the amendments made by items [14] and [15].	8 9
	Item [16] is a consequential amendment.	10
[17]	Section 26D Power of trustees to adjust benefits in relation to certain liabilities	11 12
	Omit section 26D (3). Insert instead:	13
(3)	The surcharge deduction amount determined by the trustees must not exceed:	14 15
(a)	an amount that is 15% of the employer-financed portion of that part of the benefit payable to the member or former member that accrued after 20 August 1996, or	16 17 18
(b)	such other amount of the employer-financed portion of a benefit as is prescribed by the regulations in relation to the period when the benefit payable to the member or former member accrued.	19 20 21 22
[18]	Section 26D (6)	23
	Omit “(3) or 26A”. Insert instead “(3), 26A or 27”.	24
	Explanatory note	25
	Item [18] allows benefits under section 27 to be reduced as a result of a liability for superannuation contributions surcharge. Item [22] inserts clause 8 to validate certain reductions made to benefits under section 27 before the commencement of item [18].	26 27 28
[19]	Section 26D (8)–(10)	29
	Insert after section 26D (7):	30
(8)	Despite subsection (1), the benefit of a former member who has commenced to be paid that benefit may be adjusted by the trustees in accordance with the regulations if the former member receives (before, on or after the commencement of this subsection) notice of an assessment of superannuation contributions surcharge under the <i>Superannuation Contributions Tax (Assessment and Collection) Act 1997</i> of the Commonwealth in respect of the employer contributions paid to the Fund on behalf of the former member.	31 32 33 34 35 36 37 38 39

-
- (9) The regulations may make provision for or with respect to the following:
- (a) the circumstances in which the trustees may or may not pay superannuation contributions surcharge on behalf of a former member,
 - (b) adjusting the amounts of benefits that have commenced to be paid or paying amounts in relation to a surcharge deduction amount or an assessment of superannuation contributions surcharge received by a former member before, on or after the commencement of this subsection.
- (10) Without limiting subsection (9), the regulations may make provision for the payment by the trustees of an amount of additional surcharge payable by a former member above the amount determined under subsection (3).

Explanatory note

Before a benefit is paid, trustees are required to deduct from the benefit an amount to offset any superannuation contributions surcharge that may be payable by the trustees to the Australian Taxation Office in relation to the benefit. At present, the maximum amount (the **surcharge cap**) that may be deducted is 15% of the employer-financed benefit that accrued from 20 August 1996.

Item [17] allows another amount to be prescribed by regulations as the surcharge cap in relation to the period when the benefit payable accrued.

After a benefit is paid to a former member, it is possible for the Australian Taxation Office to issue a notice of assessment for superannuation contributions surcharge to the former member. **Item [19]** allows regulations to be made in order to deal with any liability that may arise from such an assessment, including regulations providing for payment by the trustees of additional superannuation contributions surcharge that exceeds the amount of the surcharge cap applicable to the former member.

[20] Section 28E

Insert after section 28D:

28E Payment of benefit to members who have attained 65 years

Despite any provision of this Act, the trustees must pay a member who has attained the age of 65 years the whole or part of the member's benefit under this Act if the trustees are of the opinion that it is necessary to do so in order to be consistent with a relevant Commonwealth superannuation standard.

Explanatory note

Item [20] inserts section 28E to require trustees to pay certain members who have attained the age of 65 years their benefits in order to be consistent with relevant Commonwealth superannuation standards.

[21] Schedule 1 Savings, transitional and other provisions

Insert at the end of clause 1 (1):

Superannuation Legislation Amendment Act 2002

Explanatory note

Item [21] enables savings and transitional regulations to be made as a consequence of the proposed amendments.

[22] Schedule 1, clauses 5–9

Insert after clause 4:

5 Payments by Treasurer into Fund of amounts certified by actuary

The duty of the Treasurer under section 11 (1) to pay into the Fund the annual amounts from time to time last certified in accordance with section 10 (3) (as those sections were in force immediately before their amendment, respectively, by Schedules 4 [10] and 4 [4] to the *Superannuation Legislation Amendment Act 2002*) ceases on the day the trustees give to the Treasurer, under section 11 (1) as amended, the first recommendation in relation to contributions after the commencement of those amendments.

6 Benefits on attaining age 65 or 70

- (1) A pension that was being paid under section 22C immediately before its repeal by Schedule 4 [11] to the *Superannuation Legislation Amendment Act 2002*, being a pension that, but for the repeal, would have continued to be payable under this Act, continues to be payable as if section 22C had not been repealed.
- (2) An election made under section 22C before its repeal by Schedule 4 [11] to the *Superannuation Legislation Amendment Act 2002* continues to be valid, and a benefit preserved as a result of such an election is payable, as if section 22C had not been repealed.
- (3) This clause has effect subject to sections 25 and 26.

7 Further benefits or contributions not allowed

- (1) A member who had been paid or who preserved a benefit under section 22C before its repeal by Schedule 4 [11] to the *Superannuation Legislation Amendment Act 2002* is not entitled to any further benefit under this Act or to contribute to the Fund.
- (2) This clause does not affect any requirement to contribute to the Fund in respect of the member to comply with section 30, or the payment of any benefit resulting from such a contribution.

8 Validation of certain reductions of benefits

A reduction of a benefit under section 22C before its repeal by Schedule 4 [11] to the *Superannuation Legislation Amendment Act 2002* or of a benefit under section 27 before the commencement of that Schedule, being a reduction that was not authorised under section 26D in respect of a liability for superannuation contributions surcharge, is validated.

9 Other payments to Fund by former federal members

Section 26C (1) (a) applies to a payment into the Fund of an amount, or so much of an amount, made by a member before the commencement of section 26BA that would have been a payment under section 26BA (3) if the payment had been made on or after that commencement.

Explanatory note

Item [22] makes savings, transitional and validation provisions consequent on the proposed amendments.

Schedule 5 Amendment of Police Regulation (Superannuation) Act 1906 No 28

(Section 3)

[1] Section 11D

Insert after section 11C:

11D Grant of superannuation allowance to surviving spouse or de facto partner of certain former members

- (1) If a former member of the police force to whom a superannuation allowance has been granted dies on or after the commencement of Schedule 5 [1] to the *Superannuation Legislation Amendment Act 2002*, an eligible spouse or de facto partner of the former member is entitled:
 - (a) if the former member and the eligible spouse or de facto partner had been married or living in the relationship for 3 years or more immediately before the death—to receive a superannuation allowance equivalent to 62.5% of the superannuation allowance that would have been payable to the former member from time to time if that former member had not died, or
 - (b) if the former member and the eligible spouse or de facto partner had been married or living in the relationship for less than 3 years immediately before the death—to receive a superannuation allowance equivalent to 62.5% of the superannuation allowance that would have been payable to the former member from time to time if that former member had not died, but reduced on a pro rata basis according to the proportion that the period of the marriage or relationship bears to 3 years.
- (2) A superannuation allowance under subsection (1):
 - (a) is not payable to the eligible spouse or de facto partner of a deceased former member of the police force, if a superannuation allowance is payable to that spouse or de facto partner under section 12 or a gratuity is payable or has been paid to that spouse or de facto partner under section 12 (1A), and

Superannuation Legislation Amendment Bill 2002

Schedule 5 Amendment of Police Regulation (Superannuation) Act 1906 No 28

-
- (b) is not payable to the eligible spouse or de facto partner of a deceased former member of the police force who has commuted a superannuation allowance under Division 3, and
- (c) is subject to section 23.
- (3) In this section:
- eligible spouse or de facto partner* of a former member of the police force means a person:
- (a) who became the spouse or de facto partner of the former member after the former member had been granted a superannuation allowance, and
- (b) who has or had in his or her marriage or relationship with the former member a child, being:
- (i) a child of the eligible spouse or de facto partner and the former member who was, in the opinion of the trustees, wholly or substantially dependent on the former member at any time during the marriage or relationship, or
- (ii) a child of the former member who was conceived before and born alive after the death of the former member.

Explanatory note

To qualify for spouse or de facto partner benefits on the death of a former member of the police force, the surviving spouse or partner must have been married to, or in a de facto relationship with, the member at the time the member was granted a superannuation allowance.

Item [1] enables a surviving spouse or de facto partner who married, or entered into the relationship with, the former member after the member was granted a superannuation allowance to qualify for spouse or de facto partner benefits if the surviving spouse or de facto partner has or had in his or her marriage or relationship with the retired member a child of the kind described in the proposed definition of *eligible spouse or de facto partner*.

[2] Section 14AA Power of STC to reduce benefits to offset certain tax liabilities

Omit section 14AA (1C). Insert instead:

- (1C) The surcharge deduction amount determined by STC must not exceed:
- (a) an amount that is 15% of the employer-financed portion of that part of the benefit payable to the contributor or former contributor that accrued after 20 August 1996, or
 - (b) such other amount of the employer-financed portion of a benefit as is prescribed by the regulations in relation to the period when the benefit payable to the contributor or former contributor accrued.

[3] Section 14AA (5)–(7)

Insert after section 14AA (4):

- (5) Despite subsection (1A), the benefit of a former contributor who has commenced to be paid that benefit may be adjusted by STC in accordance with the regulations if the former contributor receives (before, on or after the commencement of this subsection) notice of an assessment of superannuation contributions surcharge under the *Superannuation Contributions Tax (Assessment and Collection) Act 1997* of the Commonwealth in respect of the employer contributions paid to the Fund on behalf of the former contributor.
- (6) The regulations may make provision for or with respect to the following:
- (a) the circumstances in which STC may or may not pay superannuation contributions surcharge on behalf of a former contributor,
 - (b) adjusting the amounts of benefits or paying amounts in relation to a surcharge deduction amount or an assessment of superannuation contributions surcharge received by a former contributor before, on or after the commencement of this subsection.

Superannuation Legislation Amendment Bill 2002

Schedule 5 Amendment of Police Regulation (Superannuation) Act 1906 No 28

- (7) Without limiting subsection (6), the regulations may make provision for the payment by **STC** of an amount of additional surcharge payable by a former contributor above the amount determined under subsection (1C).

Explanatory note

Before a benefit is paid, SAS Trustee Corporation (**STC**) is required to deduct from the benefit an amount to offset any superannuation contributions surcharge that may be payable by **STC** to the Australian Taxation Office in relation to the benefit. At present the maximum amount (the **surcharge cap**) that may be deducted is 15% of the employer-financed benefit that accrued from 20 August 1996.

Item [2] allows another amount to be prescribed by regulations as the surcharge cap in relation to the period when the benefit payable accrued.

After a benefit is paid to a former contributor, it is possible for the Australian Taxation Office to issue a notice of assessment for superannuation contributions surcharge to the former contributor. **Item [3]** allows regulations to be made in order to deal with any liability that may arise from such an assessment, including regulations providing for payment by **STC** of additional superannuation contributions surcharge that exceeds the amount of the surcharge cap applicable to the former contributor.

[4] Schedule 6 Savings and transitional provisions

Insert at the end of clause 1 (1):

Superannuation Legislation Amendment Act 2002

Explanatory note

Item [4] enables savings and transitional regulations to be made as a consequence of the proposed amendments.

Schedule 6 Amendment of State Authorities Superannuation Act 1987 No 211

(Section 3)

[1] Section 45A Power of STC to reduce benefits to offset certain tax liabilities

Omit section 45A (1C). Insert instead:

- (1C) The surcharge deduction amount determined by STC must not exceed:
- (a) an amount that is 15% of the employer-financed portion of that part of the benefit payable to the contributor or former contributor that accrued after 20 August 1996, or
 - (b) such other amount of the employer-financed portion of a benefit as is prescribed by the regulations in relation to the period when the benefit payable to the contributor or former contributor accrued.

[2] Section 45A (5)–(7)

Insert after section 45A (4):

- (5) Despite subsection (1A), the benefit of a former contributor who has commenced to be paid that benefit may be adjusted by STC in accordance with the regulations if the former contributor receives (before, on or after the commencement of this subsection) notice of an assessment of superannuation contributions surcharge under the *Superannuation Contributions Tax (Assessment and Collection) Act 1997* of the Commonwealth in respect of the employer contributions paid to the Fund on behalf of the former contributor.
- (6) The regulations may make provision for or with respect to the following:
 - (a) the circumstances in which STC may or may not pay superannuation contributions surcharge on behalf of a former contributor,
 - (b) adjusting the amounts of benefits or paying amounts in relation to a surcharge deduction amount or an assessment of superannuation contributions surcharge received by a former contributor before, on or after the commencement of this subsection.

Superannuation Legislation Amendment Bill 2002

Schedule 6 Amendment of State Authorities Superannuation Act 1987 No 211

- (7) Without limiting subsection (6), the regulations may make provision for the payment by **STC** of an amount of additional surcharge payable by a former contributor above the amount determined under subsection (1C).

Explanatory note

Before a benefit is paid, SAS Trustee Corporation (**STC**) is required to deduct from the benefit an amount to offset any superannuation contributions surcharge that may be payable by **STC** to the Australian Taxation Office in relation to the benefit. At present the maximum amount (the **surcharge cap**) that may be deducted is 15% of the employer-financed benefit that accrued from 20 August 1996.

Item [1] allows another amount to be prescribed by regulations as the surcharge cap in relation to the period when the benefit payable accrued.

After a benefit is paid to a former contributor, it is possible for the Australian Taxation Office to issue a notice of assessment for superannuation contributions surcharge to the former contributor. **Item [2]** allows regulations to be made in order to deal with any liability that may arise from such an assessment, including regulations providing for payment by **STC** of additional superannuation contributions surcharge that exceeds the amount of the surcharge cap applicable to the former contributor.

[3] Schedule 6 Savings and transitional provisions

Insert at the end of clause 1 (1):

Superannuation Legislation Amendment Act 2002

Explanatory note

Item [3] enables savings and transitional regulations to be made as a consequence of the proposed amendments.

Schedule 7 Amendment of Superannuation Act 1916 No 28

(Section 3)

[1] Section 47 Pensions for certain spouses or de facto partners and their children

Insert at the end of the section:

- (2) Despite subsection (1), a pension is payable under section 31, on the death of a pensioner on or after the commencement of this subsection, to the spouse or de facto partner of the deceased pensioner if the spouse or de facto partner:
 - (a) became such a spouse or de facto partner after the deceased pensioner became entitled to a pension under this Act, and
 - (b) has or had in his or her marriage or relationship with the deceased pensioner a child, being:
 - (i) a child of the spouse or de facto partner and the deceased pensioner who was, in the opinion of the trustees, wholly or substantially dependent on the deceased pensioner at any time during the marriage or relationship, or
 - (ii) a child of the deceased pensioner who was conceived before and born alive after the death of the pensioner, and
 - (c) had been married to, or living in the relationship with, the pensioner for 3 years or more immediately before the death of the pensioner.
- (3) Despite subsection (1), a pension reduced on a pro rata basis according to the proportion that the period of the marriage or relationship bears to 3 years is payable under section 31, on the death of a pensioner, to the spouse or de facto partner of the deceased pensioner if the spouse or de facto partner:
 - (a) satisfies the requirements of subsection (2) (a) and (b), and
 - (b) had been married to, or living in the relationship with, the pensioner for less than 3 years immediately before the death of the pensioner.

Note. Section 31 provides for the rate of pension to be paid to the spouse or de facto partner on the death of a pensioner.

Explanatory note

To qualify for spouse or de facto partner benefits on the death of a pensioner, the surviving spouse or partner must have been married to, or in a de facto relationship with, the pensioner at the time the pensioner became entitled to a pension.

Item [1] enables a surviving spouse or de facto partner who married, or entered into the relationship with, the pensioner after the pensioner became entitled to a pension to qualify for spouse or de facto partner benefits if the surviving spouse or de facto partner has or had in his or her marriage or relationship with the pensioner a child of the kind described in proposed section 47 (2) (b).

[2] Section 61RA Power of STC to reduce pensions and other benefits to offset certain tax liabilities

Omit section 61RA (1C). Insert instead:

(1C) The surcharge deduction amount determined by STC must not exceed:

- (a) an amount that is 15% of the employer-financed portion of that part of the benefit payable to the contributor or former contributor that accrued after 20 August 1996, or
- (b) such other amount of the employer-financed portion of a benefit as is prescribed by the regulations in relation to the period when the benefit payable to the contributor or former contributor accrued.

[3] Section 61RA (5)–(7)

Insert after section 61RA (4):

- (5) Despite subsection (1A), the benefit of a former contributor who has commenced to be paid that benefit may be adjusted by STC in accordance with the regulations if the former contributor receives (before, on or after the commencement of this subsection) notice of an assessment of superannuation contributions surcharge under the *Superannuation Contributions Tax (Assessment and Collection) Act 1997* of the Commonwealth in respect of the employer contributions paid to the Fund on behalf of the former contributor.
- (6) The regulations may make provision for or with respect to the following:
 - (a) the circumstances in which STC may or may not pay superannuation contributions surcharge on behalf of a former contributor,

- (b) adjusting the amounts of benefits or paying amounts in relation to a surcharge deduction amount or an assessment of superannuation contributions surcharge received by a former contributor before, on or after the commencement of this subsection.

- (7) Without limiting subsection (6), the regulations may make provision for the payment by STC of an amount of additional surcharge payable by a former contributor above the amount determined under subsection (1C).

Explanatory note

Before a benefit is paid, SAS Trustee Corporation (**STC**) is required to deduct from the benefit an amount to offset any superannuation contributions surcharge that may be payable by STC to the Australian Taxation Office in relation to the benefit. At present the maximum amount (the **surcharge cap**) that may be deducted is 15% of the employer-financed benefit that accrued from 20 August 1996.

Item [2] allows another amount to be prescribed by regulations as the surcharge cap in relation to the period when the benefit payable accrued.

After a benefit is paid to a former contributor, it is possible for the Australian Taxation Office to issue a notice of assessment for superannuation contributions surcharge to the former contributor. **Item [3]** allows regulations to be made in order to deal with any liability that may arise from such an assessment, including regulations providing for payment by STC of additional superannuation contributions surcharge that exceeds the amount of the surcharge cap applicable to the former contributor.

[4] Schedule 25 Savings and transitional provisions

Insert at the end of clause 1 (1):

Superannuation Legislation Amendment Act 2002

Explanatory note

Item [4] enables savings and transitional regulations to be made as a consequence of the proposed amendments.

**Schedule 8 Amendment of Local Government and
Other Authorities (Superannuation) Act
1927 No 35**

(Section 3)

[1] Section 15BO Pension payable to widow or widower of pensioner

Insert “, except if the widow or widower is an eligible widow or widower”
after “such” in section 15BO (2).

[2] Section 15BO (4) and (5)

Insert after section 15BO (3):

- (4) If a person who was a former contributor (the *pensioner*)
marries after becoming entitled to a pension under section
15BF, 15BG or 15BH and dies leaving an eligible widow or
widower on or after the commencement of this subsection,
there is payable to the eligible widow or widower as such:

- (a) if the deceased pensioner and eligible widow or
widower had been married for 3 years or more
immediately before the death—a pension at the rate of
62.5% of the rate at which the deceased pensioner was
receiving, or entitled to receive, a pension under section
15BF, 15BG or 15BH immediately before the death, or
- (b) if the deceased pensioner and eligible widow or
widower had been married for less than 3 years
immediately before the death—a pension as referred to
in paragraph (a), but reduced on a pro rata basis
according to the proportion that the period of the
marriage bears to 3 years.

- (5) In this section:

eligible widow or widower of a deceased pensioner means a
widow or widower who has or had in her or his marriage with
the deceased pensioner a child, being:

- (a) a child of the widow or widower and the deceased
pensioner who was, in the opinion of the trustees,
wholly or substantially dependent on the deceased
pensioner at any time during the marriage, or

- (b) a child of the deceased pensioner who was conceived before and born alive after the death of the pensioner.

Explanatory note

To qualify for spouse benefits on the death of a pensioner, the surviving spouse must have been married to the pensioner at the time the pensioner became entitled to a pension.

Items [1] and [2] enable a surviving spouse who married the pensioner after the pensioner became entitled to a pension to qualify for spouse benefits if the surviving spouse has or had in his or her marriage with the pensioner a child of the kind described in the proposed definition of *eligible widow or widower*.

[3] Schedule H Savings and transitional provisions

Insert at the end of clause 1 (1):

Superannuation Legislation Amendment Act 2002

Explanatory note

Item [3] enables savings and transitional regulations to be made as a consequence of the proposed amendments.

Schedule 9 Amendment of New South Wales Retirement Benefits Act 1972 No 70

(Section 3)

Section 27A

Insert after section 27:

27A Pension to be paid to eligible surviving spouse

- (1) Despite section 26 (7) (c) or 27 (2) (c), a pension is payable, on the death of a former contributor on or after the commencement of this section, to a surviving spouse who became the spouse of the former contributor after the time the pension became payable to the former contributor if the surviving spouse is an eligible surviving spouse.
- (2) The amount of the pension to be paid is:
 - (a) if the former contributor and eligible surviving spouse had been married for 3 years or more immediately before the death—an amount equal to five-eighths of the pension payable to the former contributor immediately before the death of the former contributor, or
 - (b) if the former contributor and eligible surviving spouse had been married for less than 3 years immediately before the death—an amount as referred to in paragraph (a), but reduced on a pro rata basis according to the proportion that the period of the marriage bears to 3 years.
- (3) A pension under this section is to be paid to an eligible surviving spouse for life on and from the day following the death of the former contributor and is to be increased as provided in the case of a pension referred to in section 26 (7) (b) or 27 (2) (b).
- (4) In this section:

eligible surviving spouse of a deceased former contributor means a person who has or had in his or her marriage with the deceased former contributor a child, being:

 - (a) a child of the surviving spouse and the deceased former contributor who was, in the opinion of the trustees,

-
- wholly or substantially dependent on the deceased
former contributor at any time during the marriage, or
- (b) a child of the deceased former contributor who was
conceived before and born alive after the death of the
former contributor.

Explanatory note

To qualify for spouse benefits on the death of a former contributor, the surviving spouse must have been married to the former contributor at the time the pension became payable to the former contributor.

The amendment enables a surviving spouse who married the former contributor after the pension became payable to the former contributor to qualify for spouse benefits if the surviving spouse has or had in his or her marriage with the former contributor a child of the kind described in the proposed definition of ***eligible surviving spouse***.

1
2
3
4
5
6
7
8
9
10
11
12
13